

Introduced by Senator Price

February 17, 2010

An act to add and repeal Article 19 (commencing with Section 18891) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1076, as introduced, Price. Income taxes: voluntary contributions: Arts Council.

The Personal Income Tax Law authorizes taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would authorize taxpayers to contribute amounts in excess of their tax liability for the support of the Arts Council, as prescribed.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 19 (commencing with Section 18891) is
2 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and
3 Taxation Code, to read:

4
5 Article 19. Arts Council

6
7 18891. (a) An individual may designate on the tax return that
8 a contribution in excess of tax liability, if any, be made to the Arts
9 Council, established pursuant to Section 8751 of the Government
10 Code.

1 (b) A contribution shall be in a full dollar amount and may be
2 made individually by each signatory on a joint return.

3 (c) A designation made under subdivision (a) shall be made for
4 any taxable year on the initial return for that taxable year, and once
5 made shall be irrevocable. In the event that payments and credits
6 reported on the return, together with any other credits associated
7 with the taxpayer's account do not exceed the tax liability, if any,
8 shown thereupon, the return shall be treated as though no
9 designation had been made. In the event that no designee is
10 specified, the contribution shall, after reimbursement of the direct
11 actual costs of the Franchise Tax Board for the collection and
12 administration of funds under the article, be transferred to the
13 General Fund.

14 (d) If an individual designates a contribution to more than one
15 account, and the amount available is insufficient to satisfy the total
16 amount designated, the contribution shall be allocated among the
17 designated accounts on a pro rata basis.

18 (e) The Franchise Tax Board shall revise the form of the return
19 to include a space labeled the "Arts Council" to allow for the
20 designation permitted under subdivision (a). The form shall also
21 include in the instructions information that the contribution may
22 be in the amount of one dollar (\$1) or more and that the
23 contribution shall be used to fund the Arts Council.

24 (f) Notwithstanding any other provision, a voluntary contribution
25 designation for the Arts Council shall not be added on the tax
26 return until another voluntary contribution designation is removed.

27 (g) A deduction shall be allowed under Article 6 (commencing
28 with Section 17201) of Chapter 3 of Part 10 for any contribution
29 made pursuant to subdivision (a).

30 18892. There is hereby established in the State Treasury the
31 Arts Council Fund to receive contributions made pursuant to
32 Section 18891. The Franchise Tax Board shall notify the Controller
33 of both the amount of money paid by taxpayers in excess of their
34 tax liability and the amount of refund money that taxpayers have
35 designated pursuant to Section 18891 to be transferred to the Arts
36 Council Fund. The Controller shall transfer from the Personal
37 Income Tax Fund to the Arts Council Fund an amount not in excess
38 of the sum of the amounts designated by individuals pursuant to
39 Section 18891 for payment into that fund.

1 18893. All money transferred to the Art Council Fund, upon
2 appropriation by the Legislature, shall be allocated to the Franchise
3 Tax Board and the Controller only for reimbursement of all costs
4 incurred by the Franchise Tax Board and the Controller in
5 connection with their duties under this article.

6 18894. (a) Except as otherwise provided in subdivision (b),
7 this article shall remain in effect only until January 1 of the fifth
8 taxable year following the first appearance of the Arts Council
9 Fund on the personal income tax return, and as of that date is
10 repealed, unless a later enacted statute, that is enacted before the
11 applicable date, deletes or extends that date.

12 (b) (1) By September 1 of the second calendar year and each
13 subsequent calendar year that the Arts Council Fund appears on
14 the tax return, the Franchise Tax Board shall do all of the
15 following:

16 (A) Determine the minimum contribution amount required to
17 be received during the next calendar year for the fund to appear
18 on the tax return for the taxable year that includes that next calendar
19 year.

20 (B) Determine whether the amount of contributions estimated
21 to be received during the calendar year will equal or exceed the
22 minimum contribution amount determined by the Franchise Tax
23 Board for the calendar year pursuant to subparagraph (A). The
24 Franchise Tax Board shall estimate the amount of contribution to
25 be received by using the actual amounts received and an estimate
26 of the contributions that will be received by the end of that calendar
27 year.

28 (2) If the Franchise Tax Board determines that the amount of
29 the contributions estimated to be received during a calendar year
30 will not at least equal the minimum contribution amount for the
31 calendar year, this article is repealed with respect to taxable years
32 beginning on or after January 1 of that calendar year.

33 (3) For purposes of this section, the minimum contribution
34 amount for a calendar year means two hundred fifty thousand
35 dollars (\$250,000) for the second calendar year after the first
36 appearance of the Arts Council Fund on the personal income tax
37 return or the adjusted minimum contribution amount adjusted
38 pursuant to subdivision (c).

39 (c) For each calendar year, beginning with the third calendar
40 year after the first appearance of the Arts Council Fund on the

1 personal income tax return, the Franchise Tax Board shall adjust,
2 on or before September 1 of that calendar year, the minimum
3 contribution amount specified in subdivision (b) as follows:

4 (1) The minimum estimated contribution amount for the calendar
5 year shall be an amount equal to the product of the minimum
6 contribution amount for the calendar year multiplied by the
7 inflation factor adjustment as specified in subparagraph (A) of
8 paragraph (2) of subdivision (h) of Section 17041, rounded off to
9 the nearest dollar.

10 (2) The inflation factor adjustment used for the calendar year
11 shall be based on the figures for the percentage change in the
12 California Consumer Price Index for all items received on or before
13 August 1 of the calendar year pursuant to paragraph (1) of
14 subdivision (h) of Section 17041.

15 (d) Notwithstanding the repeal of this article, any contribution
16 amounts designated pursuant to this article prior to its repeal shall
17 continue to be transferred and disbursed in accordance with this
18 article as in effect immediately prior to that repeal.